

VZCZCXRO8794  
PP RUEHCHI RUEHCN RUEHDT RUEHHM  
DE RUEHJA #2069/01 3510913  
ZNR UUUUU ZZH  
P 170913Z DEC 09  
FM AMEMBASSY JAKARTA  
TO RUEHC/SECSTATE WASHDC PRIORITY 4151  
INFO RUEHJS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS COLL PRIORITY  
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UNCLAS SECTION 01 OF 02 JAKARTA 002069

SENSITIVE  
SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, EAP/RSP  
NSC FOR J.BADER

E.O. 12958: N/A  
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SUBJECT: U/S BURNS'S DECEMBER 11, 2009 MEETING WITH  
INDONESIAN VICE PRESIDENT BOEDIONO

¶1. (SBU) December 11, 2009; 9:00 a.m.; Vice Presidential  
Palace; Jakarta, Indonesia

¶2. (SBU) Participants:

U.S.

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Under Secretary William Burns  
Ambassador Cameron R. Hume, Embassy Jakarta  
Scot Marciel, EAP Deputy Assistant Secretary of State  
Ted Osius, Deputy Chief of Mission, Embassy Jakarta  
Laura Rosenberger, Special Assistant  
Peter Haas, Embassy Jakarta Economic Counselor (notetaker)

INDONESIA

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Vice President Boediono  
Djohermansyah Djohan, Deputy for Political Affairs, Office of  
the Vice President  
Mohammed Ikshan, Deputy for Economic Affairs, Office of the  
Vice President  
Notetaker, Office of the Vice President

¶3. (SBU) Summary: Indonesian Vice President Boediono wants  
concrete progress under the Comprehensive Partnership before  
President Obama's planned 2010 visit. In a December 11  
meeting with Under Secretary Bill Burns, VP Boediono  
discussed how to advance our partnership on trade and  
investment, a Millennium Challenge Account compact, climate  
change, science and technology, and education. On domestic  
matters, VP Boediono dismissed the Bank Century case as  
political sniping. End Summary.

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Concrete Actions Needed  
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¶4. (SBU) Vice President Boediono told Under Secretary Burns  
that Indonesia wanted concrete progress on specific projects  
under the Comprehensive Partnership in advance of President  
Obama's likely visit in 2010. He and U/S Burns agreed that  
we should seek to expand the range of our partnership in  
trade and investment, education, health, environment, and  
global issues. U/S Burns laid out several specific goals: the  
signing of a Science and Technology Agreement within the next  
two months; increasing the number of Indonesian students in  
the U.S.; and joint work on land-use management and peat to  
enable Indonesia to reduce its emissions. VP Boediono asked  
for a list of pending issues that would benefit from his  
involvement.

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Direct Investment Crucial to Growth  
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15. (SBU) VP Boediono assessed that the Indonesian economy is doing well but he wants to accelerate growth to seven percent per annum. He said that Indonesia needs to attract \$200 billion of investment, much of it foreign, in order to reach its target growth rate. Indonesia's strengths are its democratic institutions, huge domestic economy, and strong economic leadership. VP Boediono acknowledged, however, that poor transport and power infrastructure prevents Indonesia from being considered on par with the BRICs. U/S Burns suggested that the U.S. could look into both military and civilian opportunities to cooperate to upgrade Indonesia's infrastructure.

16. (SBU) U/S Burns said many U.S. firms are interested in Indonesia, but the investment climate keeps them away. One modest step that would help improve confidence of U.S. companies would be an updated Overseas Private Investment Corporation investment incentive agreement. He urged conclusion of an updated OPIC agreement before President Obama's visit. This would be a symbol to U.S. companies that Indonesia wants their investment. Ambassador Hume explained that two issues remain: the inclusion of a foreign government approval clause and the definition of political risk. VP Boediono pledged to look into the matter.

17. (SBU) U/S Burns informed VP Boediono that the Millennium Challenge Corporation Board agreed the previous day to reselect Indonesia as compact-eligible. He added, however, that because Indonesia had graduated to lower middle income status, it is imperative to move quickly towards a compact or risk competing with other countries for fewer resources. U/S Burns said Indonesia should develop concept papers for

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possible projects over the next six months.

18. (SBU) VP Boediono underscored that Indonesia has the potential to play a more important role internationally as a member of the G-20. VP Boediono assessed, however, that Indonesia was diplomatically punching below its economic weight, and would need to do more in order to participate more fully in the G-20 and other forums. U/S Burns pointed out that the Comprehensive Partnership provided a mechanism for increased bilateral consultations, including on the G-20. Climate change is another global challenge where increased U.S.-Indonesia cooperation would be important, and U/S Burns praised Indonesia's very impressive targets, which send a positive signal to others.

19. (SBU) U/S Burns noted the importance of education to economic growth, and pointed to this as another area for increased U.S.-Indonesia cooperation. VP Boediono agreed, noting the important role that public libraries with books translated from English had played in his own education. U/S Burns noted that the digital age provided more opportunities for such cooperation, and also urged increasing the opportunities for Indonesians to study in the United States. U/S Burns also noted that the Science and Technology agreement under negotiation would serve both U.S. and Indonesian interests. The MOU was very close to agreement, and Burns urged finalizing it in the next two months.

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Political Sniping  
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110. (SBU) There is still demand for ending corruption, and VP Boediono noted that good governance was a key theme in President Yudhoyono's and his campaign. He said that legal reform will be central to the government's 100-day plan, especially the elimination of the "legal mafia" -- people who made money by fixing cases. Ambassador Hume said that the U.S. provides support to all of the players in Indonesia's anti-corruption efforts, including the Corruption Eradication Commission, the National Police, the Attorney General's office, the Supreme Court, and the financial intelligence

unit. VP Boediono admitted that the political instability surrounding the Bank Century case could have a negative impact on the economy. He characterized the case as political sniping, concluding that he is ready to fight charges of wrongdoing.

¶11. (U) U/S Burns has cleared this message.  
HUME